

INSTITUTIONAL STRENGTHENING FOR THE DISTRICT OF BOGOTA

(CO-0251)

EXECUTIVE SUMMARY

Borrower:	Capital District of Bogota	
Guarantor:	Republic of Colombia	
Executing agency:	Mayoralty Office for the District of Bogota, acting through its General Secretariat	
Amount and source:	IDB: (OC)	US\$16.0 million
	Local:	<u>US\$10.7 million</u>
	Total:	US\$26.7 million
Financial terms and conditions:	Amortization period:	20 years
	Grace period:	3½ years
	Disbursement period:	3½ years
	Interest rate:	variable
	Inspection and supervision:	1.00%
	Credit fee:	0.75%
Objectives:	Currency:	U.S. dollars from the Single Currency Facility
	<p>The overall objective of the project is to provide institutional strengthening for the District of Bogota, ensuring more transparent and efficient use of resources and substantially improving the delivery of municipal services.</p>	
	<p>The present administration has drawn up and approved the 2001-2004 Development Plan ("Bogota: we're in it together"), one of whose goals is to improve all aspects of public administration through an action plan entitled "Winning respect through good management". The present program will support the three basic strategies adopted under this action plan: (i) reorganization and restructuring of the District's institutions; (ii) redoubling of efforts to download responsibilities to the local level through community action groups; and (iii) improving delivery of public services, including the communication channels available to citizens for effective interaction with the District.</p>	
	<p>In keeping with these objectives, activities under the present program will be concentrated in three areas: (i) support for the reorganization of the District's major institutions through bolstering of strategic management functions, particularly those of planning and budgets,</p>	

property registration systems and land-use planning, and the generation and management of information; (ii) improving management efficiency at the local level, above all among local municipalities and administrative boards, and strengthening community action groups; and (iii) adoption of a model of excellence in serving the public which will ensure efficient, rapid and convenient delivery of quality services.

Description:

The program will consist of the following components:

(i) strengthening of management at the District level, which will provide support for: (a) reorganization of the District's most important institutions; (b) tightening of the planning and budget process; (c) improvement of land-use planning and the beneficiary selection system; (d) updating land registration systems; and (e) strengthening of technology coordination systems; **(ii) strengthening of management at the local level** which will support: (a) reinforcement of local authorities; and (b) promoting citizen participation and community action groups; and, **(iii) modernization of services to the public** which will provide assistance for: (a) the Specialized District Service Centers (CADEs); and (b) virtual service systems.

The Bank's country and sector strategy:

The Bank's current country programming paper for Colombia (GN-2051-1), which was approved in August 1999, deals with five high-priority areas: (i) support for the peace process; (ii) reducing poverty and disparities; (iii) encouraging greater decentralization of powers; (iv) modernizing the State; and (v) bringing about sustainable growth. This operation will directly contribute to the achievement of objectives (iii) and (iv).

The Bank has a wide range of experience with programs dealing with institutional reform and modernization. Of particular note are those aimed at modernizing the municipalities of Managua (NI-0111), the province of Buenos Aires (979/OC-AR) and the municipality of Porto Alegre (1095/OC-BR). The latter two included modernization of the respective government administrations, improving the quality of services, promoting productive activities in the private sector, and restructuring the administration and tax accounts. Among the relevant lessons learned from these projects are the importance of coordination within and between institutions, and the importance of focusing on strategic processes in the public administration through specific activities with clearly defined institutional responsibilities. These lessons have been incorporated in the design of the present operation.

The Bank has two ongoing operations in Colombia which deal with fiscal and financial aspects of municipal administrations: Strengthening of Local Government Administrations (977/OC-CO) and Strengthening of the Subnational Financial Information System (1053/OC-CO). In addition, the Second Municipal Development Program (1066/OC-CO) is assisting municipalities by providing

financing for projects to upgrade their infrastructure. Finally, the MIF has approved a technical cooperation aimed at streamlining procedures in the business sector, which includes participation by Bogota's Chamber of Commerce and Mayoralty Office (AM), plus the Chambers of Commerce and municipal administrations of six other cities, and which will help reinforce efforts to modernize the public service systems included in the present operation.

**Environmental
and social
review:**

The program will incorporate the recommendations made by CESI at its meeting on August 10, 2001, and will therefore have a positive impact on the city's environment given the plans and methods to be developed as part of its property registration component. As well, the capacity of the District Planning Department (DAPD) will be enhanced for closer monitoring of the Land Management Plan (LMP), which includes an ecology policy for the metropolitan region as well as an environmental plan. Moreover, the LMP includes environmental considerations in all of its subcomponents. The present operation will support both a regional environmental strategy and formulation of areal plans that will enable the residents of each area to discuss and assess their own environment, and to take measures to preserve and improve it. Finally, the terms of reference for each of the land management consultants to be hired with resources provided under this operation will include consideration of the environment.

Benefits:

The program's component for reorganizing major municipal institutions will provide the city with a better coordinated and more efficient central administration. Combining planning with budgeting procedures—performance budgeting—will ensure more efficient and transparent decision-making through the generation of clear and accessible information on the results expected, and the resources committed in achieving them. This information will supply valuable feedback on the budget, thereby reducing the cost for political controls and monitoring by the citizenry, as well as increasing the taxpayer's confidence in the administration. Meanwhile, land-use planning will permit more efficient investment through consolidation of the planning process for urban infrastructure and furniture, and public open spaces. Modernizing property registration will allow the city fathers to update the basis for property tax assessments, thereby improving the district's finances. The benefits of improved coordination and interaction between the District's various information systems will permit improvements in the design of public policies, provide a solid basis for decision-making by the authorities, and allow the District to provide public services in a timely and coordinated manner.

The strengthening of management at the local level will enable municipalities to identify skills, tools and methods of ensuring coordination with the central administration, which will in turn improve planning, eliminate duplication of effort and save on

resources. The proposed activities for promoting citizen participation, together with the associated training required for such participation, will result in improved planning and technical content in local development projects and wider support within the community.

In the case of the services provided through the CADEs, these will reach a much wider audience in the population as a whole. The bulk of this increase will be felt in the poorest areas of the city.

Risks:

One risk lies in the short term of office for the district government (three years), which could result in a loss of political support during execution of the final stage of the program. Since its components will have high priority for achieving efficient public management, however, they will tend to transcend the temporary incumbency of a given administration and thus considerably lessen the attendant risk. Specifically, the program aims to strengthen strategic procedures (e.g., planning and budget, and property registration) which are unavoidable for any administration wishing to increase levels of efficiency. Likewise, the strengthening of local municipalities is an essential requirement for execution of the decentralization process which is being carried out in Colombia under that country's constitution. Finally, any new administration may be expected to have a vested interest in maintaining the gains in delivery of public services achieved under the program.

Another risk of the program has to do with the degree of rigidity that the administration encounters when attempting to change its current flat line organizational structure (with all of the District's agencies reporting directly to the Mayor). However, since its inception the project has promoted the formation of Sectoral Committees (which have since been created by decree from the Mayoralty Office and are in full operation) as a means of keeping the focus on coordination of operating procedures to ensure more efficient generation of products, rather than on formal redefinition of relationships between institutions. In addition, the program calls for the formulation and presentation to District Council—at the end of the first year of the execution period—of a formal proposal for the restructuring of its major institutions.

With the variety of agencies in the District (both those of the central administration and those of the local municipalities) having a role in the execution of the program, a complex web of interrelationships and cooperation must be coordinated between them. With this in mind, the program will include technical (as well as administrative) strengthening of the Project Executing Unit, the hiring of experts on mechanisms for coordination between agencies to act as consultants, and reinforcement of the District Systems Committee in the area of computer data systems.

There is the risk of a relative lack of response from the citizenry to calls for active participation in the formulation of local development plans and decision-making with regard to local investment projects. To avoid this, the program will undertake a substantial number of promotional activities including media campaigns, training programs and community gatherings to promote citizen participation.

**Special
contractual
clauses:**

- (i) As a condition precedent to the first disbursement, the district must present to the Bank evidence of: (a) the creation of the Project Executing Unit (PEU) in the General Secretariat; (b) hiring of the PEU coordinator and selection of the minimum number of personnel necessary for its operation; (c) the opening of a special bank account to handle the loan proceeds; and (d) the final annual work plans for the first year of program execution, duly approved by the Bank.
- (ii) Before the first disbursement is made for the components on strengthening of management at the local level and modernization of services to the public, the District is to present evidence to the Bank that it has: (a) defined the main impact indicators for these components and (b) hired the necessary consulting services (or, if applicable, assigned sufficient staff) for determining the definitive base lines and the respective targets to be achieved.

**Poverty-
targeting and
social sector
classification:**

This operation does not qualify as a poverty-reduction project, as set forth in the key objectives for the Bank's activities contained in the Report of the Eighth General Replenishment (document AB-1704). Nor does it qualify as a project promoting gender equity.

**Exceptions to
Bank policy:**

None.

Procurement:

The threshold amounts for international competitive bidding are: US\$350,000 for goods and related services, US\$200,000 for consulting services, and US\$5 million for construction works.